

Health Care Financing



Grants for
Research and
Demonstrations

Fiscal Year 1980

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Published by the Health Care Financing Administration

Health Care Financing Grants for Research and Demonstrations

The Health Care Financing Administration was established in March 1977 to combine HEW's health financing and quality assurance programs into a single agency. HCFA is responsible for the operation of the Medicare and Medicaid programs, the PSRO program, Federal survey and certification efforts, and a variety of health care quality assurance activities.

The mission of the Health Care Financing Administration is to promote the timely delivery of appropriate, quality health care to its beneficiaries—approximately 45 million aged, disabled, and poor Americans. HCFA is committed to making beneficiaries aware of the services for which they are eligible, promoting the accessibility of those services and ensuring that HCFA policies and actions promote efficiency and quality within the total health care delivery system.

HCFA's Office of Research, Demonstrations, and Statistics (ORDS) conducts studies and projects that demonstrate and evaluate optional reimbursement, coverage, eligibility, and management alternatives to the present Federal programs. ORDS also assesses the impact of HCFA programs on health care costs, program expenditures, beneficiary access to services, health care providers, and the health care industry. In addition, ORDS monitors national health care expenditures and prices and provides actuarial analyses on the costs of current HCFA programs as well as the impact of possible legislative or administrative changes in the programs.

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Health Care Financing Administration
Office of Research, Demonstrations,
and Statistics

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I. General Information

The Health Care Financing Administration (HCFA) of the Department of Health, Education, and Welfare was established to promote the timely delivery of appropriate, quality health care to its beneficiaries in the most efficient and cost-effective manner. HCFA's Office of Research Demonstrations, and Statistics (ORDS) funds projects through its grant program in order to assist in the resolution of major health care financing policy and program issues as well as to develop new methods for administration of HCFA programs. Authority to award these grants is provided under the Social Security Act and the Public Health Act.¹

The purpose of this brochure is to describe the types of grants considered, the priority areas of interest, criteria for funding new projects, the grant review process, and grant application procedures.

Additional information concerning applications, grantee responsibilities, payment process, and special provisions and assurances are contained in a HCFA grant application kit (See page 4 for further information on the application kit).

After reading this entire booklet, if you require further information about the content of the grants program, contact:

Program Support Office
Office of Research, Demonstrations, and Statistics
Health Care Financing Administration
Area 2D6 Oak Meadows Building
Baltimore, MD 21235
Telephone: (301) 594-8274

Applications for grants may be made by nonprofit or public organizations and institutions (including State agencies responsible for administering the Medicaid program).

¹ The authorities for these grants include:
Social Security Act, Title XI and Sections 1110 and 1115
Section 222(a) of the Social Security Amendments of 1972
Section 402(a) of the Social Security Amendments of 1967
Public Health Act, Section 1526(a) as restricted by Section 1521(b)(3)
Public Health Act, Section 1533(a), as it relates to Section 1533(d)

Project Areas of Interest

The main focus of the HCFA grants program is on research and demonstration projects. However, HCFA will also provide support for the generation and dissemination of new data useful for the administration of its programs.

During Fiscal Year 1980, HCFA is primarily interested in funding projects which address one or more of its ten current priority areas. These priority areas are described in Section II of this brochure and include:

- 1) beneficiary impact and awareness
- 2) child health
- 3) health systems organization
- 4) hospital costs
- 5) industrial organization reimbursement
- 6) integrated data systems
- 7) long term care
- 8) physician reimbursement
- 9) public financing
- 10) State Medicaid programs.

These current priority areas, however, are not exhaustive of our interests. HCFA will also consider funding projects under the following two general areas:

- Develop or demonstrate new financing mechanisms or controls; management or administrative procedures; service delivery concepts; or technological innovations designed to improve HCFA programs.
- Develop knowledge about the basic nature of costs and inflation in the health care field or the economic and behavioral relationships between health care financing methods and the activities in the health care sector.

Applicants who have ideas in either the current priority areas or the general areas are encouraged to develop them into complete applications.

Types of Grants and Funding

There are two types of grant applications: solicited and unsolicited. Solicited grant applications are those which fit one of the ten current priority areas described in Section II. Applications which do not fit one of these ten areas, but do fall under one of the general areas described above are considered unsolicited grant applications. Applications which do not fit either the specific priority areas or the general area are returned.

Solicited grant applications are given first priority for available funds. Unsolicited grant applications generally will be considered for funding after decisions are made on the solicited applications.

Projects should be developed for one- to three-year periods although longer periods may be considered under special conditions. However, grants are usually awarded for a period of only one year. Grants may be continued on a noncompetitive basis if originally awarded as a multiyear project. However, after the initial award, each continuation year requires a new award. Continuation funding is contingent upon the availability of future year funds, prior years ability to meet project objectives, and the continued relevance of the project to HCFA programs.

Applications which seek to continue a project for a longer period of time than that stated in the original application are treated as if they were new projects. Thus, they will be reviewed competitively and must compete for available funds along with all other new grant applications.

A grantee is expected to share in the cost of a project by providing no less than five percent of the total amount of the project. While grants made to State Medicaid agencies under Section 1115 of the Social Security Act may cover the entire cost of a demonstration project, HCFA expects State Medicaid agencies applying under this section to contribute at least five percent of the amount of the project that could be subject to special Federal project funds (see page 4).

How to Apply for a Grant

Potential applicants are encouraged to read this entire booklet, especially Section II on HCFA's current priority areas, before sending for a grant application kit. This kit includes:

- Grant application forms and instructions
- A handbook on HCFA grant policy
- The governing Federal regulations
- The most recent *Federal Register* Notice

These documents should be used as references in answering any technical questions not related to the current priority project areas. Application kits are available from:

Project Grants Branch
Office of Management and Budget
Health Care Financing Administration
Area E-1 Gwynn Oak Building
1710 Gwynn Oak Avenue
Baltimore, MD 21207
Telephone: (301) 594-3332

In submitting proposals *all* applications must identify the solicited priority area and its number (as listed on page 2) to which the applicant is responding. This solicited priority area designation should appear on the face sheet of the application in the title block space and should also be clearly marked on the outside of the package/envelope. If the application is not in response to one of the current priority areas, the project title should include the phrase, ". . . an **UNSOLICITED** grant application" and the package/envelope should indicate the same.

Section 1115 Projects

Section 1115 of the Social Security Act makes special provision for grants to the single State agency that administers the Medicaid program. There is a separate application kit for these projects, and there are special requirements for the development of the budget documents. Section 1115 of the Social Security Act allows for the waiver of elements of a State's plan (which is the basis for the conduct of that State's Medicaid program); allows for the payment for elements of service, etc., that would otherwise not be allowed under the Medicaid program; and permits HCFA to pay for portions of the project that would otherwise have to be borne by the State under the Medicaid program. This section of the law is designed to permit significant demonstration projects that will further the general objectives of the Medicaid program. When such a project is considered, the applicant is urged to contact ORDS to discuss the proper completion of the application. Section 1115 grant kits may be obtained from the Project Grants Branch at the address previously listed.

Section 1115 waiver-only applications are reviewed concurrently with applications requesting direct financial support. The closing, review and award dates established for grant applications will also apply to Section 1115 projects (including waiver-only projects) unless otherwise stated in a FEDERAL REGISTER Notice. Special solicitations on subjects not included in this brochure will be announced separately.

All requirements of the Social Security Act, the Code of Federal Regulations, and other issuances that pertain to the Medicaid program are applicable to a project approved under Section 1115 unless they are specifically waived as a part of the project.

Waivers

It is possible to waive certain Federal regulations for the Medicare and the Medicaid programs to allow elements of service to be delivered and paid for that are normally not a part of these health care programs. Projects requesting waivers must define the waivers which are required, state the specific waiver language, discuss the impact of the waivers on program expenditures (i.e., estimate service costs with and without the waiver), state the effect on Federal, State, and local laws and discuss the impact on beneficiaries enrolled in the project. Both Federal and State regulations govern the Medicaid program. Therefore, when a project is planned that will require the waiver of Medicaid regulations, the State Medicaid agency must be the grantee. If the project involves both Medicare and Medicaid waivers, two applications may be needed—one from the applicant which contains the request for the Medicare waivers and a second from the State agency administering the Medicaid program.

New Projects

When applying for a new grant, the application should meet the following requirements:

- Clearly state measurable project goals and objectives.
- Explicitly describe the research or demonstration design, including hypotheses, methodology, and data base(s) to be used. The methodology must be well-defined and scientifically valid.
- Provide a detailed evaluation component when the project is a demonstration or experiment. This part of the application must describe the data collection and analysis procedures that will be employed and a statement of the anticipated generalizability of the results. The evaluation component may, at the discretion of HCFA, be performed separately by an independent third party. For this reason, the evaluation component should be budgeted separately.

- Discuss the relevance of the project or the findings the project might produce to HCFA programs or the policy concerns HCFA may have, now or in the near future.
- Clearly set out the tasks that are to be undertaken and the milestones that are to be met throughout the project including a schedule of reports to be submitted to HCFA.
- Specify the data that are to be used and their availability. If the data are to be collected, the application should describe the nature of the data that will be sought, the sample design (and size if known), the controls that will be used, and the problems that might be encountered. The applicant should remember that data collected under a grant must be available to anyone the Project Officer designates at any time and only to HCFA or its agents. The applicant must also ensure the confidentiality of personally identifiable information.
- Show evidence of compliance with the human subjects regulations.² (If you have never dealt with this matter, you are urged to contact ORDS at the address on page one.) Applicants are reminded to make note of this frequently forgotten requirement. It may involve substantial effort.
- Fully describe the qualifications and experience of the individuals who will work on the project and show how their capabilities relate to the specific project proposed. Also, the application must show how the project personnel are to be organized, to whom they report, and how they will be used to accomplish specific objectives. Of special interest are the lines of authority and specific project responsibilities.
- Demonstrate that adequate facilities are available and that adequate equipment is available or can be obtained to conduct the project (if appropriate).
- Provide a budget which lists the amount of funding requested for each element of work, e.g., personnel, travel, supplies, and other direct costs. Applicants should also keep in mind that the requested support will be balanced against the anticipated results. Applicants are expected to directly share in all the costs of the projects. A minimum of five percent of the segment of the project for which Federal funds are requested is expected to be borne by the applicant. This share is to be applied across all the elements of the budget. Funds are not available in this grant program for construction or remodeling. Also, funds cannot be granted for activities that take place before the applicant received the official notification of HCFA approval of the project.

² This is done formally by the inclusion of a fully completed form HEW-596 (rev. 1975), "Protection of Human Subjects" (45 CFR Part 46).

Closing Times for Applications

There are two closings per fiscal year for grant applications—4:30 p.m. Baltimore, MD time on the first working Mondays in October and April. For FY 1980, the second and last closing date will be April 7, 1980. For FY 1981, the closing dates are Monday October 6, 1980, and Monday, April 6, 1981. For FY 1982, the first closing date is Monday, October 5, 1981.

An application received any time after the closing date and time will be considered *late* unless it was sent by EXPRESS, REGISTERED, or CERTIFIED mail five (5) working days in advance of the specified closing date. The postmark on the package will establish the date the application was mailed. A late application will be held over until the next closing date unless the applicant notifies the Project Grants Branch that it is being withdrawn.

Applications received for the second cycle in any fiscal year will be reviewed with the intent of making awards in the fourth quarter of that fiscal year. However, these applications may be held for award in the subsequent fiscal year.

Review of Grant Applications

The review process for grant applications consists of two phases. During the first phase, applications not relevant to the interest of HCFA will be screened out and the applicant notified. The remaining applications will move to the second review phase, in which each application is reviewed by a panel of experts. Generally, there is one review panel for each priority area.

In forming review panels, care is taken to see that the majority is composed of individuals from outside ORDS. ORDS believes that the predominance of such outsiders is useful in assuring that a full range of views is obtained. However, because the subjects of HCFA grants are closely related to our programs, it is not realistic to structure review panels which exclude employees who work within the program or who are familiar with the subject under consideration. Therefore, these panels are composed of approximately:

- one-third Federal experts in the subject area or an aspect of it;
- one-third non-Federal experts on the topic; and
- one-third HCFA employees, other than ORDS staff, who are familiar with the specific matter under consideration.

The chairperson of each panel will be an ORDS employee. However, in accordance with the requirements of the HEW Grants Administration Manual, the chairperson will not vote. These panels deliver a report and recommendations to the Director of the Office of Research, Demonstrations, and Statistics. The Director's final decision is transmitted in writing to the applicant, and this includes a full statement of the logic behind the decision.

The criteria considered in arriving at an award decision include:

- The availability of HCFA fiscal resources combined with the relative importance of the proposed project.
- Whether the project addresses an area of interest, and the relevance of the anticipated results to HCFA programs.
- The adequacy of the research or demonstration design, the validity and appropriateness of the methods and data bases proposed, and the experience and competence of the researchers.
- The realistic expectations that the proposed project design or methodology is such that the project can be carried out within the times specified.
- Whether the proposed project methodology is rigorous and consistent with what is generally agreed to be the state of art.
- Whether the overall budget, the personnel resources to be used, and the facilities and equipment are appropriate for the proposed project.
- If the project requires the cooperation of multiple parties, documentation of commitment by the parties necessary to the success of the project.

The application kit contains a self-addressable card that the Project Grants Branch will return with the number assigned as well as priority area as soon as the application is logged in. If at any time you wish to check on the progress of your application, you may contact the Project Grants Branch or the Program Support Office and refer to it by that number and priority area. (The addresses and telephone numbers for these offices are stated previously in this brochure).

II. Current Priority Areas

1. Beneficiary Impact and Awareness

Funds are available for projects that examine the impact of the Medicare and Medicaid programs on their beneficiaries and the resulting effects on utilization and costs.

HCFA is especially interested in studies which address the following issues:

- Identification and analyses of who pays for beneficiary liabilities not covered by the Medicare and Medicaid programs (i.e., Hospital Insurance deductibles and coinsurance, Supplementary Medical Insurance deductibles and coinsurance, reasonable charge reductions on unassigned Part B claims, uncovered services, etc.). Studies should include analysis of the amount paid by private insurance, by Medicaid, by the beneficiary or his family, and if any is forgiven by physicians or institutional providers.
- The differences in rates of utilization by type of service and the impact on beneficiary and program costs between those beneficiaries eligible for *both* the Medicare and Medicaid programs and those beneficiaries eligible for only one program.
- The impact of competitive bidding for Medicare Intermediaries/Carriers and Medicaid fiscal agents on the type, quantity and quality of services to beneficiaries.
- The effectiveness of HCFA programs in removing barriers to beneficiaries' access to health care services.
- The impact of Medicare cost-sharing with respect to overall utilization of services and/or deterrence of needed services, types of services utilized, and provider settings.
- The degree to which HCFA beneficiaries understand the Medicare and Medicaid programs and identification of ways to improve this understanding.
- Analyses of how the Medicare benefit package and reimbursement policies may affect the volume, mix, and location of services provided.

2. Child Health

HCFA is especially interested in innovative projects involving child health assurance programs, such as Early and Periodic Screening, Diagnosis, and Treatment (EPSDT), which relate to recruitment and retention of continuing care providers, reimbursement innovations, and the provision of prenatal, perinatal, and postnatal care services. Projects should focus on collaborative efforts resulting in efficient and coordinated provision of comprehensive services (i.e., interagency coordination of services provided by school systems, day care settings maternal and child health programs, Headstart, etc.).

Funds for administration of such projects may not be available; however, waivers to current program regulations may be granted in providing and paying for services.

Applicants should be aware that an independent contractor will evaluate all demonstration projects. Therefore, although potential grantees must include an evaluation design in the project protocol, funds to perform the evaluation should *not* be included in the proposal. Grantees will be required to provide data on costs for different activities and services, client profile data, provider data, and data on a control group.

HCFA is especially interested in demonstrations which address the following areas:

1. Development of mechanisms necessary to assure the recruitment and retention of continuing care providers. This area includes demonstration projects which:
 - Develop and test incentives to recruit and retain a full spectrum of providers and provider organizations focusing on the continuing care provider.
 - Design and implement continuing care provider agreements for local agencies. Determine the effect of agreements on provider recruitment, participation, and case management.
 - Design and test a series of measures for evaluating the provision of continuing care.
 - Test alternate mixes of health care personnel to assure delivery of continuing care. Determine the extent to which the use of health care personnel other than physicians might affect the delivery of comprehensive health care and the overall costs of providing child health services under Medicaid.
2. Innovative reimbursement methods which test methods for paying providers for their services in such a way as to promote cost effectiveness and the development of additional services in areas of identified need. Four basic approaches to reimbursement which have been identified for demonstration include:

- A health care management fee or retainer for the continuing care provider's efforts for making appointments and maintaining a composite medical record for each child under the provider's care.
 - A minimum schedule of fees (alternative to, or in conjunction with, a case management fee) for pediatric services as a floor for reimbursement for the services of continuing care providers.
 - A prospective, all-inclusive (global) payment or capitation rate covering a variety of service packages which differ in scope, e.g., preventive or assessment services, routine primary care, health education. (The capitation rate payment approach is of particular interest to HCFA.)
 - A fee-for-time methodology basing reimbursement on the length of the encounter period and the time that is required to provide additional services such as outreach, case management, and health education.
3. Demonstrations which develop methods of identification, outreach, and case management to assure that teenagers receive family planning services or prenatal, perinatal, and postnatal care.

HCFA encourages all applicants to include in their proposals submitted under the above three areas, an administrative model for managing local health care programs as well as a design to coordinate existing health care services offered through local, State, and Federal programs such as inter-agency agreements.

3. Health Systems Organization

Funds are available for projects that explore alternative approaches for delivering health care—such as Health Maintenance Organizations (HMOs), expanded ambulatory services and modifications of the End-Stage Renal Disease (ESRD) Program. The intent of projects in this area is to seek organizational and payment methods which reduce costs without adversely affecting quality.

HCFA is especially interested in studies and demonstrations which address the following issues:

- Ways to introduce or increase competitive forces in health care delivery and assess their impact on costs, utilization, and quality of care.
- The delivery of health care services under arrangements in which the provider bears some financial risk for services ordered and/or provided.
- Alternative systems for reimbursing HMOs and other organizations providing comprehensive health care to Medicare and Medicaid beneficiaries.
- Effects of alternative incentives for Medicare and Medicaid enrollees to join HMOs or other comprehensive health care organizations.
- Selection factors used in HMO enrollment and disenrollment including the issue of adverse risk.
- The impact of HMOs, with respect to utilization and service delivery costs on other practitioners and providers in the same service delivery area, including the substitution effects of such centers on reimbursements to office-based physicians.
- Development of quality and effectiveness measures for ESRD service delivery in various alternative settings.

4. Hospital Costs

Funds are available for projects to develop knowledge about hospital reimbursement in order to address policy questions about changes in reimbursement systems, various ways to contain hospital costs, and basic factors underlying these costs.

HCFA is especially interested in supporting studies, analyses, and demonstrations which address the following issues:

- The effects of Medicare and Medicaid inpatient hospital reimbursement limits on hospital behavior including changes in the volume or scope of services, patterns of practice, patient mix, costs of care, capital investment decisions, etc.
- The effects of Medicare and Medicaid inpatient hospital reimbursement limits on hospital outpatient departments including substitution between inpatient and outpatient care, the costs of care, treatment patterns, etc.
- The direct and indirect effects of physicians' decisions on hospital costs.
- The effects of specific reimbursement or rate setting policies (i.e., volume and adjustment) on hospital admitting policies and cost changes.
- Changes in operating costs due to capital investment or leasing arrangements for new capacity, modernization, or new services and the effects of alternative methods for reimbursing capital costs in hospitals.
- The regional impact of hospital conversions, closures, or mergers on systems costs and utilization.
- Factors affecting the development of multi-hospital systems (both proprietary and non-proprietary) including the use of contractual services.
- Relationships and linkage between health planning agencies and rate setting organizations and/or activities in the States and analysis of the potential of such linkages to influence hospital sector capacity.
- Area-wide approaches to capital and operational financing of hospitals, such as area-wide budgeting and pooled depreciation and implications of multiple sources of payment.
- The impact of Medicare and Medicaid reimbursement and/or prospective reimbursement systems on graduate medical education costs, supply, selection of specialties, and the need for limits on service-related as opposed to educational costs.
- Refined definition of the basic components of hospital costs and the factors influencing them, including examinations of variations in hospital costs and rates of inflation.

- The relationship between hospital costs and the availability of substitutes for hospital care, the geographic variation in physician practice patterns, or the specialty distribution of physicians within the hospital.
- Ways to reduce waste in hospitals.

5. Industrial Organization and Reimbursement

Funds are available for projects which assess the effects of HCFA reimbursement policies on the following industries: clinical laboratories, long-term care, durable medical equipment, hospital supply, and drugs.

HCFA is especially interested in studies which address the following issues:

- The effect of public reimbursement policies on the market structure, conduct, and performance of these industries.
- The nature of public and private demand for the output of these industries, the degree of market concentration and barriers to competition, and how they have changed over time.
- The effects of State and/or Federal regulation on innovation and investment in these industries as well as on the nature and costs of products supplied by these industries.
- The effects of regulation and reimbursement on the quality of the output of these industries and possible incentive systems to assure quality output.
- How the supply, demand, costs, and prices of these industries have responded to changes in technology, availability of third party coverage, changes in licensure requirements, personnel standards, or other regulatory activities.

6. Integrated Data Management Systems

Funds are available for demonstration projects which test methods of collecting and processing utilization, cost, billing, and discharge data. Special consideration will be given to projects which integrate or link these data from various health care providers (such as hospitals, nursing homes, home health agencies, and health maintenance organizations). Furthermore, priority will be given to projects which include shared support and request minimal funding from the Federal government. All projects must include methods for maintaining confidentiality of data in accordance with Federal regulation and law.

HCFA is especially interested in demonstrations which address the following:

- The elimination of duplicative and overlapping reporting of billing, discharge, cost, and utilization data by health care providers.
- The dissemination of necessary data to multiple users, including fiscal agents, State and local health planning and rate regulation agencies, Professional Standards Review Organizations, researchers, and the Federal Government.
- The replacement of multiple paper transactions with automated processes, including telecommunication to transfer data, particularly billing and discharge data. Such systems should include uniform patient and billing data for all third-party payers within state, multi-state, or other broad geopolitical areas.

7. Long Term Care

Funds are available for innovative projects in the area of long term institutional and community-based care for the chronically ill, the frail elderly, and the disabled.

Applications that are the result of, and an integral part of, a formalized local and/or statewide planning process will be of particular interest. In cases where demonstrations in comprehensive long term care are appropriate for joint funding by HCFA and the Administration on Aging, applications should specify the dual nature of the project and the interface of activities to be funded.

The Department will encourage channelling agency projects in a separate solicitation as part of its special long term care initiative. HCFA will encourage evaluation of the current HCFA demonstrations on hospice care in a separate solicitation. Thus, proposals should *not* be submitted under the guidelines in this brochure for either of these two areas.

HCFA is especially interested in studies and demonstrations which address the following issues:

Studies

- **Economic and Reimbursement Analysis—**
This area includes economic analyses of the home health industry, such as comparisons among provider types; analyses of the influences of funding patterns on the availability and use of long term care services; analyses of relationship of normative levels of care to reimbursement and regulatory systems.
- **Relationship Between Certification Requirements, Quality of Services, Utilization, and Costs—**
This area includes studies to quantify the impact of the current certification survey process including additional State and local requirements on nursing home utilization costs and quality of care. Of particular interest is the development of methods to revise certification standards to reflect outcome measures.
- **Analysis of the Role of Families in the Provision of Care—**
This area includes analyses of programs providing home-based care, and/or the relationship between family roles and publicly provided services, studies of holiday admissions, rotating beds, and respite care for families.
- **Assessment of the differential impact of PSRO vs. State utilization review activities in Long Term Care as they relate to cost, utilization, quality of care, and facilities certification.**

- Factors affecting the physician's determination of where to place patients (i.e. the supply of nursing home beds, the physical proximity of a SNF to the hospital where the physician practices, etc.).
- Incentive Reimbursement for Positive Health Outcome— This area includes methodological development studies which measure normative health outcomes in nursing home care, determine the degree to which nursing home care affects outcomes, and lead to the development of reimbursement methodologies which provide positive incentives for superior health outcomes.
- Evaluation of the adequacy of using current patient assessment methodologies to determine appropriate reimbursement levels.
- Analysis of the factors affecting conversion from private pay or Medicare to Medicaid for long-term care services.

Demonstrations

- Innovative Reimbursement Methods— Demonstrations in this category would test new ways to pay providers of services in order to promote cost-effectiveness while providing appropriate care, and the development of added services in areas of identified need.

8. Physician Reimbursement

Funds are available for projects that study the effects of different payment systems for physician services.

HCFA is especially interested in supporting studies, analyses and demonstrations which address the following issues:

- Identification of factors affecting Medicare assignment and physician participation in the Medicaid program as well as private insurance programs and the analysis of the implications of an "all or nothing" assignment system for Medicare.
- How differences in length of time in practice (i.e. new vs. established practices) affect the usual and customary fees reimbursed under Medicare and Medicaid.
- Private and/or State physician reimbursement programs to constrain the growth of physician prices or expenditures.
- The effects and implications of various fee schedules and fee schedule negotiating systems.
- Design of a relative value scale system according to alternative methodologies as well as validation of existing relative value scale systems.
- Alternative methods for the reimbursement of hospital-based physicians, interns, residents, emergency room physicians, and teaching physicians including alternative approaches to Section 227 (P.L. 92-603).
- Description and analyses of institution-physician relationships (i.e., the house staff, contractual relationships) and the impact of these relationships on costs and utilization.
- Variations in medical practice and the capacity of the reimbursement system to influence or modify practice.
- Alternative methods of "packaging" services for reimbursement purposes (i.e. per case, per episode), the types of procedures and/or occasions for which medical services could be packaged, and incentives to physicians to package services.

9. Public Financing

Funds are available for projects which provide research into the effects of public versus private financing of health care programs.

HCFA is especially interested in studies which address the following issues:

- Alternate financing mechanisms for the Medicare and Medicaid programs and their impact on State and Federal relationships, their potential redistributive effects, and their impact on the beneficiaries.
- The impact of spend-down provisions on access to care and the shifting of costs to other sectors.
- Intergovernmental financing relationships and the effects of alternative financing mechanisms on shifts in the sources of financing services, types of services financed, access to care, etc. (i.e. impact of spend-down provisions).

10. State Medicaid Programs

Funds are available for projects which examine a variety of aspects of State Medicaid programs. HCFA believes that the variation in State Medicaid programs provides a natural laboratory for studying how these variations affect health care costs and utilization and quality of services. Projects should identify constraints to the generalizability of study findings to other programs and to the health care sector.

HCFA is especially interested in studies and demonstrations which address the following issues:

- Differences in the eligibility requirements, benefits, and administration/operation of State Medicaid programs and the impact of these differences on the costs and utilization of one or more of the following services: hospital, outpatient, and/or ambulatory care.
- State variations in Medicaid long-term care programs including analyses of factors which account for providing LTC services in different ways (i.e., in some States the personal care option is a substitute for home health care while in other States it is a complement to home health care).
- The effects of cutbacks by States in benefits and reimbursements on the availability of services, the substitution of services, and the overall impact on State and local budgets.
- Innovative, efficient, and effective methods for determining Medicaid eligibility such as different account periods, periodic reporting requirements, retrospective determination of income, or of administering the spend-down program while protecting client access to health care services.

Health Care Financing Grants for Research and Demonstrations

**U.S. Department of Health,
Education, and Welfare**

Patricia Roberts Harris, Secretary

Health Care Financing Administration

Leonard D. Schaeffer, Administrator

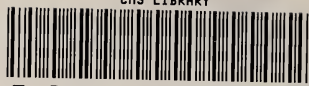
**Office of Research, Demonstrations, and
Statistics**

James M. Kaple, Acting Director

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and Support*

*Karen Pelham O'Steen, Research Publications
Coordinator*

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